

Administrative Letter 2001 - 8

September 28, 2001

TO: ALL INSURERS LICENSED IN VIRGINIA

RE: EVENTS OF SEPTEMBER 11, 2001

In the aftermath of the tragic and horrific events of September 11, 2001, insurers and reinsurers will be called upon to respond expeditiously to claims for unforeseen and devastating losses of life and property. During the many months to follow, the insurance industry (the Industry) may be impacted yet again by the active engagement of U.S. Armed Forces, Reserves and National Guard. My staff and I are committed to ensuring that Virginia policyholders affected by the events of September 11th, as well as those events which may ensue, are provided with prompt and efficient service, and that the Industry will respond with sensitivity. I am confident that the Industry shares this same commitment and I have been pleased and gratified by its prompt and efficient response thus far to this disaster. Nevertheless, it is important to convey to the Industry that the Bureau of Insurance (the Bureau) expects continued cooperation in all efforts to assist affected consumers and to ensure compliance with all state and federal requirements relating to or resulting from these tragic events.

The following are the expectations of the Bureau with regard to carriers' actions in response to the events of September 11th. This list is not necessarily all-inclusive, but it highlights the Bureau's major areas of concern.

- Carriers intending to invoke war clauses, terrorism clauses, or the like, whether in Property and Casualty contracts or in Life and Health contracts, must immediately contact my office. Carriers must also contact my office if they become aware that a reinsurer intends to invoke such clauses.
- We expect all insurers to liberalize, to the fullest extent possible, any administrative requirements that may otherwise delay or impede the handling of claims, the

collection of premiums, or any other functions relating to the administration or servicing of insurance contracts or plans. All carriers should make provisions for extending time limits, whether for payment of premium, election of policy options, submission of claims, or the like. Because of mail and transportation delays resulting from the events of September 11th, this extension of time limits should be applied generally to all contracts.

- Life insurers should adopt liberal proof of death requirements, particularly in circumstances where the survivors are unable to obtain a formal death certificate. Companies are encouraged to adopt the Affidavit form promulgated by the New York Insurance Department in 2001 Circular Letter No. 28.
- Property and Casualty insurers should adopt liberal proof of loss requirements.
- All carriers should implement immediate procedures to ensure compliance with President Bush's Executive Order of September 24, 2001, blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism.

With respect to the active engagement of U.S. Armed Forces, National Guard and Reserves, carriers should review again the protections in §§ 38.2-508.1 and 38.2-2205.1 of the Code of Virginia and in 14 VAC 5-140-50 E, for those in military service or those in military reserves called to active duty, and implement any necessary procedures to ensure compliance.

My staff and I have every expectation that insurers operating in Virginia will of their own volition meet or exceed the above expectations, and that the Industry will respond to this challenge with full cooperation and appropriate sensitivity. We encourage carriers to contact my office with any questions or comments and to provide the Bureau with any other measures undertaken to ensure a rapid and efficient response to this tragedy.

Yours truly,

Alfred W. Gross
Commissioner of Insurance